



## **Texas Department of Insurance**

### **Division of Workers' Comp**

Medical Fee Dispute Resolution, MS-48

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## **MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION**

### **GENERAL INFORMATION**

#### **Requestor Name and Address**

TEXAS HEALTH DALLAS  
3255 WEST PIONEER PARKWAY  
ARLINGTON TX 76013

#### **Respondent Name**

DALLAS I S D

#### **Carrier's Austin Representative Box**

Box Number 42

#### **MFDR Tracking Number**

M4-12-0006-01

### **REQUESTOR'S POSITION SUMMARY**

**Requestor's Position Summary:** "Since TDI moved to a 143% of DRG for inpatient services on 3/1/08 for hospital claims, we have reviewed the Medicare allowance and decided the insurance reimbursement does not meet this criteria. Medicare would have allowed this facility \$7,766.21 for DRG 603 at 143%. Based on their payment of \$7,642.75, a supplemental payment of \$123.46 is due."

**Amount in Dispute:** \$123.46

### **RESPONDENT'S POSITION SUMMARY**

**Respondent's Position Summary:** "The issue is whether the *pass thru amount* noted in the Medicare Inpatient Hospital Pricer is to be included in the Medicare Inpatient Prospective Payment System reimbursement formula for this six-day inpatient hospital stay." "The Medicare Prospective Inpatient Payment System Pricer version 2011.3, utilized at the time of the audit, indicated the reimbursement amount for DRG 603 was \$4,969.64 (total operating amount) plus \$374.94 (total capital amount) for a total amount of \$5,344.58." "Even though the Medicare IPPS Pricer indicates an amount of \$86.34 under 'Pass Thru Amount' this is not considered part of the reimbursement formula for calculating the IPPS. Reference page 3 of the Medicare IPPS users manual under the heading 'A Note on Pass Through Payments in the PC Pricer' which states: 'There are certain hospital costs that are **excluded** from the IPPS payment and are paid on a reasonable cost basis. 'In accordance with the DWC Inpatient Hospital Fee Guideline, the markup is applied to only the Medicare Inpatient Prospective Payment amount. Taking the total IPPS amount of \$5,344.58 multiplying by 143% derived the prior correct reimbursement amount of \$7,642.75. Therefore, no additional allowance is due."

**Response Submitted by:** Argus Services Corporation, 9101 LBJ Freeway, Suite 600, Dallas, TX 75243-2055

### **SUMMARY OF FINDINGS**

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
April 15, 2011 Through April 21, 2011	Inpatient Hospital Surgical Services	\$123.46	\$123.46

## ***FINDINGS AND DECISION***

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

### **Background**

1. 28 Texas Administrative Code §133.307 sets out the procedures for health care providers to pursue a medical fee dispute..
2. 28 Texas Administrative Code §134.404 sets out the guidelines for reimbursement of hospital facility fees for inpatient services.
3. 28 Texas Administrative Code §134.404(e) states that: "Except as provided in subsection (h) of this section, regardless of billed amount, reimbursement shall be:
  - (1) the amount for the service that is included in a specific fee schedule set in a contract that complies with the requirements of Labor Code §413.011; or
  - (2) if no contracted fee schedule exists that complies with Labor Code §413.011, the maximum allowable reimbursement (MAR) amount under subsection (f) of this section, including any applicable outlier payment amounts and reimbursement for implantables."
  - (3) If no contracted fee schedule exists that complies with Labor Code §413.011, and an amount cannot be determined by application of the formula to calculate the MAR as outlined in subsection (f) of this section, reimbursement shall be determined in accordance with §134.1 of this title (relating to Medical Reimbursement).
4. 28 Texas Administrative Code §134.404(f) states that "The reimbursement calculation used for establishing the MAR shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Inpatient Prospective Payment System (IPPS) reimbursement formula and factors as published annually in the Federal Register. The following minimal modifications shall be applied.
  - (1) The sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by:
    - (A) 143 percent; unless
    - (B) a facility or surgical implant provider requests separate reimbursement in accordance with subsection (g) of this section, in which case the facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 108 percent."
5. The services in dispute were reduced/denied by the respondent with the following reason codes:

Explanation of benefits dated May 25, 2011

- W1QA –Workers Compensation State Fee Schedule Adjustment. \*Medicare inpatient specific reimbursement amount multiplied by 143%. DWC rule 134.404.\*
- 97H –The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated. \*Service(s)/Procedure is included I the value of another service/procedure billed on the same date.\*

Explanation of benefits dated July 28, 2011

- 193W –Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly. \*Previous recommendation was in accordance with the Workers' Compensation State Fee Schedule.\*
- W1QA –Workers Compensation State Fee Schedule Adjustment. \*Medicare inpatient specific reimbursement amount multiplied by 143%. DWC rule 134.404.\*
- 97H –The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated. \*Service(s)/Procedure is included I the value of another service/procedure billed on the same date.\*

### **Issues**

1. Were the disputed services subject to a specific fee schedule set in a contract between the parties that complies with the requirements of Labor Code §413.011?
2. Can the maximum allowable reimbursement (MAR) amount for the disputed services be determined according to 28 Texas Administrative Code §134.404(f)?
3. Did the facility or a surgical implant provider request separate reimbursement for implantables in accordance with 28 Texas Administrative Code §134.404(g)?
4. Is the "pass thru amount" noted in the Medicare Inpatient Hospital Pricer excluded from the reimbursement formula used for calculating the IPPS reimbursement as referenced in Medicare IPPS users manual?
5. Is the requestor entitled to reimbursement for the disputed services?

## **Findings**

1. No documentation was found to support a contractual agreement between the parties to this dispute. Therefore, the Division concludes that the disputed services are not included in a specific fee schedule set in a contract that complies with the requirements of Labor Code §413.011.
2. Review of the submitted documentation finds that the maximum allowable reimbursement (MAR) amount for the disputed services can be determined according to 28 Texas Administrative Code §134.404(f).
3. Review of the submitted documentation finds no request for separate reimbursement of implantables in accordance with 28 Texas Administrative Code §134.404(g).
4. The respondent asserts in their response to the DWC060 that the past thru amount noted in the Medicare Inpatient Hospital Pricer is not a part of the reimbursement formula for used for calculating the IPPS reimbursement amount as referenced in the Medicare IPPS users manual. 28 Texas Administrative Code §134.404(d)(1) states, "For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided with any additions or exceptions specified in this section.." The Division finds that the "pass thru amount" noted in the Medicare Inpatient Hospital Pricer is considered part of the reimbursement formula for calculating the IPPS reimbursement.
5. Reimbursement for the disputed services is calculated in accordance with 28 TAC §134.404(f)(1)(A) as follows:

The Medicare facility-specific reimbursement amount including outlier payment amount for DRG 603 is \$5,430.92.

This amount multiplied by 143% is \$7,766.22.

The total maximum allowable reimbursement (MAR) is \$7,766.22.

This amount less the amount previously paid by the respondent of \$7,642.75 leaves an amount due to the requestor of \$123.47.

The requestor's *Table of Disputed Services* lists the total amount in dispute as \$123.46.

The Division concludes that the requestor is entitled to \$123.46 additional reimbursement.

## **Conclusion**

For the reasons stated above, the division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$123.46.

## ***ORDER***

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services involved in this dispute. The Division hereby **ORDERS** the respondent to remit to the requestor the amount of \$123.46 plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this Order.

## **Authorized Signature**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Medical Fee Dispute Resolution Officer

\_\_\_\_\_  
September 23, 2011  
Date

## ***YOUR RIGHT TO REQUEST AN APPEAL***

Either party to this medical fee dispute has a right to request an appeal. A request for hearing must be in writing and it must be received by the DWC Chief Clerk of Proceedings within **twenty** days of your receipt of this decision. A request for hearing should be sent to: Chief Clerk of Proceedings, Texas Department of Insurance, Division of Workers Compensation, P.O. Box 17787, Austin, Texas, 78744. **Please include a copy of the Medical Fee Dispute Resolution Findings and Decision** together with other required information specified in Division rule at 28 Texas Administrative Code §148.3(c).

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**